

Michigan Public Transportation

Driving Michigan's Economic Engine



Public Transportation in Michigan

All Systems Go!

- Over 92 million rides in 2006
- An 8.7% increase over 2005, 3x the national average
- Every county in Michigan
- Fixed route, demand response; bus, rail and water ferry service

Public Transportation Benefits Michigan

- Public transportation drives Michigan's economy and saves money
- Public transportation is the best non-regulatory way to reduce dependence on foreign oil
- Provides independence to all, including people with disabilities and seniors
- Voters in Michigan support public transportation

Public Transportation Funding in Michigan

- Operating Expenses
 - Wages & Benefits
 - Contracted Services
 - Fuel
 - Parts & Maintenance

Operating expenses are provided by state and local sources and, while local funding has increased dramatically in recent years, state funding has been lagging.

Public Transportation Funding in Michigan

- Capital Expenses
 - Buses & service-related vehicles
 - Facilities such as transit centers & garages
 - Bus shelters, benches, information kiosks
 - Improvements to facilities & equipment

Capital expenses are funded at 80% federal, with a required 20% local match. Until 2005 the match was paid totally by the State of Michigan.

Federal Funding at Record Levels!

- Federal appropriations for Michigan's public transportation systems are higher than ever before, with about \$120 million authorized each year between 2006 and 2010.
- For each \$1 in state capital funds, the federal government provides \$4 in matching funds, so a state investment in any given year of \$30 million will return \$120 million in federal funds!
- Unfortunately, Michigan in recent years has not been able to appropriate enough funds to match the available federal dollars, leaving millions of federal money at risk.

Public Transportation: Victim of its Own Success

- Demand keeps growing
- Local millages are passed at more than an 80% approval rate, promising expanded and improved service
- In recent years state operating support has remained flat while bus capital match support has dropped dramatically
- As budgets rise, eligible state expenses rise but the state lacks the resources to provide needed funding

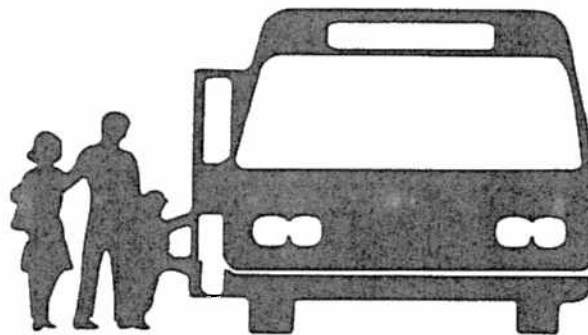
Michigan Public Transportation: Part of the Solution

- Michigan needs a long-term commitment for fair and predictable state support
- Regions are recognizing and utilizing public transportation as an economic development tool
- People are riding on public transportation primarily for one of two reasons: either to get somewhere to make money or to spend money

Michigan Public Transportation: Part of the Solution

- Advanced hybrid fuel technology
 - Diesel-Electric
 - Wind Generation
- Public/Private/Education partnerships for development of hydrogen fuel cell technology
- Bus Rapid Transit/Fixed Guideway
- Mid-life bus rehabilitation

Michigan Public Transit Association



Michigan Public Transit Association

- Member of Michigan Transportation Team
- Support Drive Michigan Coalition goals
- Urge Legislature
 - Pass gasoline tax increase
 - Pass diesel tax parity
 - Pass registration fee reform
 - Distribute all available funds through traditional funding formula to benefit BOTH roads AND transit

2007-2008

LEGISLATIVE PRIORITIES TRANSPORTATION

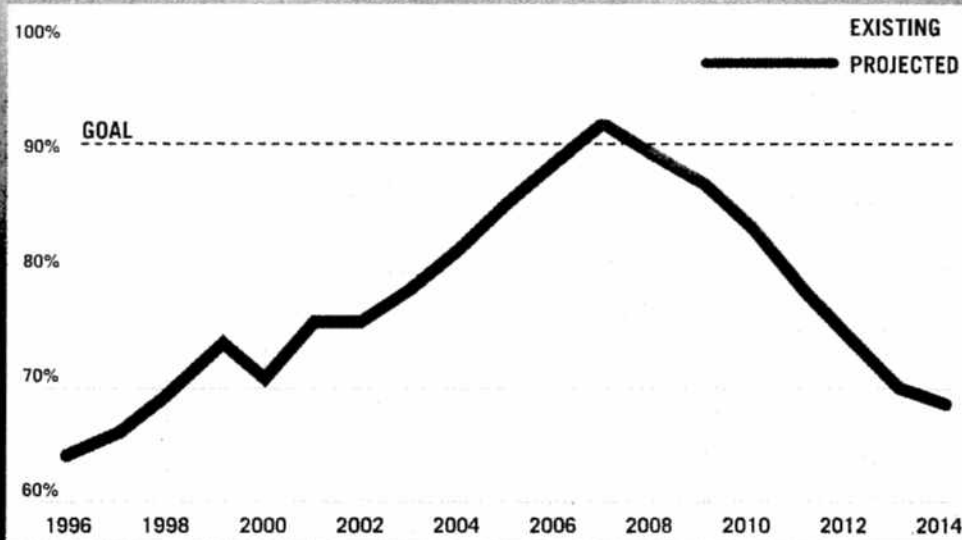
ISSUE: Maintaining and Improving Michigan's Transportation System

CHAMBER MEMBERS ADVOCATE:

- Supporting more meaningful local input into development of the Michigan Department of Transportation (MDOT) 5-Year Transportation Program and increasing legislative oversight of MDOT's annual budget.
- Continuing movement toward increased efficiency and improved effectiveness through greater use of "design and build" contracts for road and bridge construction with multi-year warranties.
- Supporting innovation and flexibility in road design standards, and clarity in standards and timeliness in any construction-related permitting process.
- Raising the motor fuel tax on gasoline by three cents per year over three years, with the increase to sunset (expire) in seven to ten years.
- Raising, gradually, the motor fuel tax on diesel up to the new gas tax amount and not allowing any revenue from higher motor fuel taxes to be used for interdepartmental grants to other state agencies.
- Allowing a local option motor vehicle registration fee to be established with voter approval on a countywide or multi-county basis.
- Supporting serious consideration of innovative public/private partnerships, including toll roads and/or fast lanes.



STATEWIDE PAVEMENT CONDITION COMBINED FREEWAY AND NON-FREEWAY
Percent Pavement in Good Condition



Source: Michigan Department of Transportation website, from November 2006 MDOT presentation.

WHY?

Michigan's transportation system is the backbone of our economy and has played a critical role in improving business productivity in the state. According to a June 2006 study prepared by Washington, D.C. based TRIP (The Road Information Program): improved traffic safety provided by the interstate highway system saves Michigan \$747 million annually in reduced health care costs and costs associated with lost productivity; by reducing travel times, the interstate system saves each Michigan resident 82 hours of travel time annually; and consumer costs in Michigan for apparel, food, housing and transportation are reduced by \$13.6 billion annually.

However, in that same report, TRIP also found that: traffic congestion on Michigan's interstate highways is increasing as travel growth significantly outpaces the addition of new lanes; Michigan's interstate highways and bridges have some deficiencies as a result of age and use; and Michigan faces a significant challenge in maintaining and rebuilding our aging interstate highway system and providing additional lane capacity to meet growing travel demand.



Grand Rapids Area Chamber of Commerce

Creating Opportunities for Business Success

**Testimony by
Jared Rodriguez
Vice President
Grand Rapids Area Chamber of Commerce
House Transportation Committee
March 29, 2007**

Mr. Chair, members of the committee; my name is Jared Rodriguez, Vice President of the Grand Rapids Area Chamber of Commerce. I am here today representing more than 2,900 Chamber member companies who provide 142,000 jobs in West Michigan. I would like to express my support for and offer comments on the importance of increasing transportation and infrastructure funding in our state.

There are many reasons why businesses choose to locate or stay in a state – tax structure, regulatory environment, school systems and infrastructure systems. Michigan's transportation system is at a critical point, needing at least \$700 million for state roads and over \$2 billion for local roads. In that light, we continue to be at a competitive disadvantage to our neighbors immediately to the south, as our current conditions are worse and we are not a through state. Furthermore, they have immediate access to major thoroughfares, like 80/90, in which commerce and travelers are moving east and west. We have to play catch up and ensure that our infrastructure system is sound and conducive to economic development. Improvements to our current system have to be as good as, if not better than our neighbors, all while focusing on future expansion.

The overall condition and safety of our roads and bridges are less than satisfactory. As you may already know, The Road Information Program (TRIP), a national organization based out of Washington D.C., recently gave our roads and bridges a rating of D+ and D, respectively.

In West Michigan, we are grateful for the improvements and new construction projects like, the new M-6 (Paul Henry) Freeway, the infamous S-Curve on US131, and the agreement to meet Indiana at the border, providing US 131 with a direct link to US 80/90. With these improvements comes continuous maintenance. There is still much to be done, for example, widening the roadway and bridge maintenance on 196 through downtown Grand Rapids, constructing a US 31 bypass in Ottawa County and the completion of US 131 to the Indiana Boarder.

We are all feeling the pinch at the gas pump these days – and there is never a good time to begin talking about increased funding, however, better roads will increase jobs and provide another tool for economic developers to attract and retain businesses. Many think that with the increased gas prices, there are large amounts of money coming into the Michigan Transportation fund. Not so, as the gas tax is a flat tax. Currently, only nineteen

cents funds our roads, bridges and public transportation systems. If you drive on our state's highways for any amount of time, it becomes very clear that the current level of funding is not making the grade.

In addition to our state roads and bridges, we have various public transit systems that are seeing an increase in demand for service with less money to meet the needs of the community. *The Rapid* bus system in Grand Rapids, is one of the most efficiently run programs in the entire state. We have advocated for increased transit funding in the past because we recognize the significant impact public transportation has on our local economy and workforce. Ridership surveys from the mid-90s through today, continue to show that getting to and from work is the number one reason people are riding *The Rapid*. We have had businesses tell us that they are lobbying for bus lines to service their facilities directly, giving workers a reliable and convenient means of transportation. We believe that public transportation is another effective means of economic development and is a critical component of attracting and retaining businesses.

Our state infrastructure system is an investment that benefits everyone. Improving our roads and access to public transportation cuts down on costly car repairs, relieves congestion, and increases safety by repairing crumbling pavement and limiting overall time spent on the roadways. Tough decisions lie ahead, and I ask you to take into consideration a slight increase the state gas tax, resulting in an increase of good paying jobs and new economic investments. Michigan's gas tax is one of the lowest in the country (42nd). Increasing the gas tax 3 cents per year over 3 years, for a total 9 cent increase (\$425 million / year), is a small price to pay for improving status quo.



Detroit Regional Chamber Testimony
House Transportation Committee
March 29, 2007

Chairman and members of the committee, thank you for the opportunity to provide testimony before you today. My name is Melissa Trustman. I am the Senior Director of Government Relations for the Detroit Regional Chamber. Our organization represents approximately 23,000 members in the 10 county Southeast Michigan area.

Our region and our members depend on a reliable and efficient transportation system to move their products, receive supplies, parts, raw materials, send and receive information and have access to the most qualified workforce. This necessitates a **seamless** system that is well maintained and adequately funded. We work closely with our regional planning organization, the Southeast Michigan Council of Governments.

The Detroit Region has significant transportation challenges. Many of these challenges are understood and recognized in the regional and state planning process, but are not recognized in any funding scenario. What I will outline for you today is what our total needs encompass, the significance of those specific needs and what level of funding has been committed to complete these specific projects.

To fully understand what our transportation needs are, it is important to consider our location, our neighboring regions and our significance in the national and **global** network.

Positioned just west of Ontario, our region has the busiest border crossings in North America. Between the 7 Port Huron and Detroit gateways, we move approximately \$165 billion in trade on annual basis. To put this in perspective, the Port of Los Angeles moves approximately \$125 billion in trade. 72 percent of the value **trucking** through our region has originated outside of the state. Our gateway serves every state in the nation.

For air travel, Detroit Metro is the 10th busiest in the nation and the 17th busiest in the world.

The Port of Detroit handles more than 22 million tons of cargo annually, including more than 6 million tons of foreign cargo and ranks as the third largest steel handling port in the U.S. The Detroit River is responsible for moving approximately 80 million tons of cargo annually.

Headquarters
One Woodward Avenue
Suite 1900
P.O. Box 33840
Detroit, Michigan 48232-0840
313.964.4000

Lansing
101 S. Washington Sq.
Suite 820
Lansing, Michigan 48933
517.372.2278

Movement within the region:

In terms of roadways, 83 percent of our freight value is carried by trucks

500 miles of congested truck road ways

For people, they move through approximately 1000 miles of congested roadways – estimated 1500 by 2030

213,000 people weekly ride public transit

Needs

Diversified transportation modes that reduce congestion, improve safety, continue to support business activity and will facilitate our continued economic relevance into the future.

Intermodal facilities to allow the interchange of goods between modes of transportation

Increased capacity for our borders

Improved, coordinated and faster transit service to reduce road congestion and provide the business community with increased workforce access.

Funding

Monetary Measurements Needs

Transit - \$17 billion

Roads - \$50 billion

Monetary Reality

Transit - \$9 billion

Roads - \$40 billion

Our reality allows us to maintain what we have – but not make any significant improvements. The following projects have been identified as crucial to efficient and effective movement, but do not have any funding to allow for realization:

In the Regional Transportation Plan, but not in the Transportation Implementation Plan:

- I-94, City of Detroit
- I-75, Oakland County
- I-375, Detroit CBD

Not in RTP or TIP:

- Detroit Intermodal Freight Terminal
- M-15, Oakland County
- US-24, Monroe County

Solutions to our transportation challenges are currently under study, such as:

- Detroit River International Crossing
- Blue Water Bridge/Black Water Bridge, Port Huron
- US-23, Washtenaw & Livingston Counties
- I-96, Livingston & Wayne Counties
- Ann Arbor to Detroit Rapid Transit
- Detroit Transit Options for Growth
- Metro Airport Master Plan Update

As our region struggles to regain our economic strength, we are constrained by a transportation system that barely has enough resources to maintain its existing infrastructure. In order to continue to compete globally, our state and our region need to make a greater commitment to not only maintenance of the system, but also improvement of our infrastructure.

Transportation infrastructure is the best way our state can show its commitment to the economic success of its businesses and residents. Thank you for your time today.

